

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7525

BILL NUMBER: HB 1623

NOTE PREPARED: Feb 18, 2005

BILL AMENDED: Feb 14, 2005

SUBJECT: Medicaid Waiver Claims and ICLB Approval.

FIRST AUTHOR: Rep. Becker

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill retroactively extends the expiration dates of provisions: (1) prohibiting the Office of Medicaid Policy and Planning from providing incentives to primary care medical providers for directing individuals to contracted hospitals other than a hospital in a city where the patient resides; and (2) concerning reimbursement rates for hospitals that previously contracted with the Office's managed care contractor for the provision of services under the Office's managed care program.

The bill also provides that a Hospital Care for the Indigent (HCI) Program application may be filed 45 days after the person is released from the hospital. It requires the Division of Family and Children to accept HCI Program application information obtained by the hospital and permit interviews by telephone. The bill also provides that the Division's failure to act on a claim or complete an investigation is not a reason to deny assistance.

The bill also repeals the right to recover HCI Program amounts paid from certain persons.

Effective Date: December 31, 2004 (Retroactive); Upon Passage.

Explanation of State Expenditures: *Medicaid Provision:* This bill extends the expiration dates for certain provisions in current statute which affect the relationship between a Medicaid managed care organization (MCO) providing services in Lake County and the providers providing medical services to Medicaid recipients assigned to the MCO. The bill does specify the manner in which some reimbursement rates (between the MCO and the MCO's providers) are determined. However, this provision is not expected to significantly impact expenditures in the Medicaid program.

HCI Eligibility Provisions -

Eligibility Determination: This bill extends the period of time that a hospital or an individual has to submit an application to the Division from 30 days from the patient encounter or admission to 45 days from the patient encounter or discharge. Effectively, this provision allows individuals an additional 15 days to submit an application for the HCI Program. Hospitals would have the time frame extended by 15 days plus the length of stay in the case of an admission. This provision has no fiscal impact.

(Revised) The bill also provides that the Division must rely on information collected by the hospital in order to determine the individual's eligibility for the HCI Program. The bill also specifies that the expiration of the 45 days allowed for the Division to determine eligibility is not a valid reason to deny assistance for the HCI program. If the Division does not make a determination within the given time frame, the person is considered to be financially and medically eligible for the program. Depending on administrative actions taken by the Division of Family and Children to ensure that the county offices are familiar with the requirements of the HCI eligibility process, these provisions may increase the number of persons determined to be eligible for the HCI program. The program processed approximately 12,000 claims in FY 2004, of these claims, about 8,500, or 71% were over 91 days past the submission date when they were received by the central office. Additionally the Agency reported that of the 12,000 claims submitted, , about 5,600 o r 47% were determined to be ineligible for the HCI program; the majority of these were determined to be financially ineligible. If under the provisions of this bill, these applications are considered to be eligible without regard for current financial or medical eligibility determinations, the level of claims assigned to the applicant's county of residence could grow significantly. County levy averages could be affected although the impact would depend upon individual circumstances.

HCI Eligibility Determination Background: Prior to July 1, 2003, hospitals were not required to submit bills for the HCI program to the Division. The County Offices of Family and Children were required to determine eligibility only for the applicants for eligibility related to physician and transportation claims for payment. Effective July 1, 2003, applications for hospital claims were required to be submitted to the County DFC offices for eligibility determinations. Hospital claims will constitute the majority of the applications submitted for HCI program benefits. The Division may use HCI funds to reimburse the state administration account for the caseworker time involved in making the eligibility determination.

Explanation of State Revenues: (Revised) The bill repeals a provision that allows the Division to pursue repayment of the amounts paid by the HCI program from the applicants, their legally appointed representatives, or an estate. This provision will have a fiscal impact on the state dependent upon individual circumstances. The repeal of this provision will eliminate the Division's ability to seek recoveries from patients or their estates.

In the past, the Division has had collections from this source. Hospital claims are not paid through the HCI program, and are currently not subject to recovery efforts. (Hospital claims are tracked in the program for property tax levy calculations only.) Physician and transportation claims are, however, paid through the HCI program. The amount of associated collections that would be lost as a result of the repeal would be dependent upon individual circumstances. Previous years' collections are shown below. Repayments and collections amounts shown below include amounts repaid by patients or their estates and Medicaid or insurance recoveries. Currently, recoveries and collections are not reflected as a deduction to the amounts reported to the counties for use in the levy calculations.

Fiscal Year	HCI Repayments & Collections	HCI Administrative Cost	Assistance Claims Paid
FY 2004	155,429	245,614	1,172,751
FY 2003	226,414	191,290	1,361,545
FY 2002	217,830	261,839	1,453,775
FY 2001	387,916	204,361	1,755,333
FY 2000	269,233	200,618	1,883,531

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning and the Division of Family and Children, Family and Social Services Administration.

Local Agencies Affected: County hospitals and emergency transportation providers.

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